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ABSTRACT

Intended to inform local communities (especially the business sector) of ways to join government-sponsored employment and training programs with the private employment market, this handbook provides broad guidelines for use in the establishment and operation of the Private Industry Council (PIC). (The PIC is the primary vehicle created by Title VII of the Comprehensive Employment and Training Act--CETA--for making the nation's employment and training policy more responsive to the labor needs of private employers and for helping the unemployed worker more effectively.) The main parts of CETA and its private sector initiatives are outlined. Provided in a section on Private Industry Councils is an overview of the PIC as well as information on creating a PIC, multi-jurisdictional PICs, PIC membership, structure, composition, staff, role, function, operational by-laws, and sub-committees. Beginning operations, the Title VII plan, developing new programs, and technical assistance are discussed in a final section on PIC operations. Information on the historical background of employment and training programs and the text of Title VII regulations are appended. (MN)

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The New Business Look in Employment and Training Programs

The Private Sector Initiative Program (PSIP)

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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I. INTRODUCTION

This handbook is intended to inform local communities, especially the business sector, of ways to join government-sponsored employment and training programs with the private employment market. The central fixture of the process described in the following pages is the Private Industry Council, or "PIC". The PIC is the primary vehicle, created by Title VII of the Comprehensive Employment and Training Act (CETA), for making the Nation's employment and training policy more responsive to the labor needs of private employers and for more effectively helping the unemployed worker. At the local level the PIC is to be an intermediary, enabling the local employment and training structure to become more responsible to the business community. The handbook also contains descriptions of possible program designs, intended to prompt further thought and ideas on the part of the reader.

The information in this handbook is not prescriptive or exhaustive, but it does provide broad guidance for use in the establishment and operation of the PIC. The handbook provides options and considerations which may meet the particular needs of the individual CETA prime sponsor and Private Industry Council. It may be helpful to prime sponsors concerned with the improvement and refinement of PIC structure and activity. It may also be used by PIC members or staff for orientation sessions, basic guidelines and a tool for developing their own goals and objectives in response to local needs.

The reader should refer to the CETA regulations published in the Federal Register on April 3, 1979, Vol. 44, No. 65 for specific regulatory requirements. Appendix B contains the Private Sector Inititatives Program regulations.

II. THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

CETA, as originally passed, had six titles. The first two authorized job training programs and public service employment programs operated by States and local governments. Title III through VI contained Federal responsibilities and administrative provisions. By 1975, a new Title VI earmarked for emergency job creation was passed by Congress, in response to a national downturn in the economy. A heavy emphasis on public service employment continued through 1977.

Reenactment of CETA in 1978 brought several changes. The administrative provisions of the Act were consolidated as Title I. A new Title II encompassed Comprehensive Employment and Training Services, with programs exclusively targeted for the economically disadvantaged (Part B) and transitional employment opportunities for the economically disadvantaged into entry level jobs coupled with training and supportive services (Part D). Youth programs (Title IV) included an added bonus for private employers to hire inexperienced youth in ten geographical areas. Title VI was clearly designated as a countercyclical public service program.

The major new direction was a program of private sector opportunities for the economically disadvantaged, a new Title VII. To participate, prime sponsors must form a Private Industry Council and propose, for U.S. Department of Labor approval, specific initiatives it intends to undertake to promote private employment of the disadvantaged.

III. CETA's PRIVATE SECTOR INITIATIVE PROGRAM

What is now Title VII of CETA, the Administration's Private Sector Initiative Program (PSIP), was first announced in the State of the Union message on January 20, 1978. Briefly stated, it was to be a $400 million effort to provide private sector employment opportunities for the economically disadvantaged.

A long-term goal of employment and training programs has been to assist the unemployed, in general, and the disadvantaged, in particular, to obtain private sector employment. The success of these efforts has been varied, with economic conditions a major factor in achieving this goal.

Increasing concern has been expressed in many quarters that employment and training policy was out of balance, because of the growth of Public Service Employment (PSE). While PSE was a major tool in combating cyclical unemployment during periods of recession, it was felt that the ultimate solution to the problem of unemployment in the disadvantaged population was placement in stable unsubsidized jobs in the private sector.

Gradual improvement of the economy and the reduction in unemployment presents an opportunity to shift the emphasis from public service employment to private sector training and employment. To clearly identify this thrust as a fresh effort, a separate title with separate funding and a special administrative effort by DOL was initiated. The Title VII legislation is also a symbol of the role of the business community in influencing and coordinating prime sponsors' programs other than those funded with Title VII dollars.

Since Title VII of CETA is a demonstration title to increase private sector employment and training opportunities for CETA-eligible persons, the ultimate goal of the PSIP is to shift the emphasis in CETA programs from subsidized public service employment to unsubsidized private sector jobs. Another major purpose, which will help to strengthen this shift in emphasis, is to encourage the PICs to work with the prime sponsors to coordinate CETA with related programs, such as economic and community development programs supported by other Federal, State and local agencies as well as by the Department of Labor in order to increase employment opportunities for the economically disadvantaged.

IV. PRIVATE INDUSTRY COUNCILS:

A. An Overview

The Private Sector Initiatives Program's primary intent is to foster the involvement and assistance of the business community in the development of local CETA programs. Therefore, in order to be eligible for Title VII funds, each prime sponsor is required to establish a Private Industry Council (PIC). The membership of the PIC will consist primarily of business and industry representatives, with representation from labor, educational agencies, and community-based organizations. The principal purposes of the PIC are (1) to secure more private sector jobs for the economically disadvantaged, and (2) to attract greater private sector participation in all aspects of local employment and training activities.

B. Creating a PIC

Because careful selection of PIC members is crucial to the success of the PSIP effort, specific staff should be assigned early on to work on this task. Ideally, this staff should be either: a) someone who has worked on local private sector training and related programs, and thus is familiar with the business community, or b) someone from the business community who can be hired to work with the CETA staff on PIC membership.

A Chairperson pro-tem is to be appointed by the prime sponsor to assist in setting up the PIC. This person must, according to the regulations, be a representative from the business/industrial community. Staff will then work with the Chairperson pro-tem to identify potential PIC members.

In some areas, local officials have found it useful to set up a temporary "ad-hoc" committee to identify potential PIC members. This group should be composed of business people and other persons from sectors required by law and Regulations to be on the PIC. These ad-hoc committees usually meet several times to make suggestions, review work done by the staff and make final recommendations to the Chief Elected Official, who makes the formal appointment.

Working with Existing Councils

To fully utilize local resources, existing councils may be modified or adapted to meet PIC membership requirements and to assume PIC functions. Certainly, it is important to identify existing councils and committees which could help in the process of PIC establishment and which should be consulted for advice. These include:

- o National Alliance of Business Metro Organizations
- o The AFL-CIO's Human Resources Development Institute
- o Private Sector Oversight Committees established under the Skill Training Improvement Program (STIP).
- o Economic Development Councils
- o Employer committees under the Job Service Improvement Program (JSIP).
- o Chambers of Commerce
- o Local trade organizations
- o Labor organizations
- o Other broad-based industry groups
- o The State Employment Security Agency
- o Community-based organizations
- o Educational institutions
- o Economic development groups
- o Urban or regional planning commissions and advisory bodies
- o Veterans' groups
- o Community work-education councils
- o State and local apprenticeship agencies
- o And, of course, the Prime Sponsor's planning council.

In most communities, there are a number of such groups with an interest in PIC formation, and it is important to consult with them early.

C. PIC Membership:

The key requirement regarding the establishment of a council is that the business members of the council be representative of the business and industry community in the area served. These members, including small and minority business representatives, shall constitute the majority of the council.

Some other considerations to be found in the regulations are:

1. where possible, at least half of the industry and business representation should be representatives from small business.
2. minority business enterprises must be represented at least consistent with their representation in the business community.
3. organized labor, community-based organizations, and educational agencies must also be represented.
4. other interested groups, such as SESA's and apprenticeship agencies, and CETA-eligible persons may also be appointed.

D. Structure and Composition of the PIC:

The appropriate structure, size and council involvement hinges on many factors. The PIC chairperson and the prime sponsor should mutually determine the appropriate design, based on the peculiar needs and interest of the local community.

Size is one of the first questions the prime sponsor and PIC chairperson pro tem should consider when establishing the council. Of course, the size of the labor market area, number of business organizations and groups in the community, the representatives of the PIC to the community and the sponsor's own concept of size for the council affect this decision. In determining the size of the council, the PIC might consider the following factors:

1. PIC role and functions
2. PIC operational functions with other CETA programs
3. physical requirement for meetings
4. manageability of the PIC for staff and council chairperson
5. workload requirements on each council member
6. type and size of PIC sub-committees
7. representation of largest possible segment of community concerns
8. personal contact and interaction between PIC and prime sponsor council members
9. staff and services support required to accomplish PIC activities

All of these factors and others determine the role, composition and size of the local PIC. While these considerations are not dealt with in detail in this section, they are recognized as factors about which the prime sponsor and PIC chairperson and members must be cognizant and responsive.

E. Appointment of the PIC

The chief elected official will formally appoint the PIC (or several such officials will do so in the case of a multi-jurisdictional PIC) with confirmation by the appropriate elected body (e.g., city council) where required by local law. Some prime sponsors have considered it desirable to have a local ordinance passed, also, to establish the PIC officially as a component of the local governmental structure.

F. Staff for the PIC

The regulations suggest some ways staff may be assigned or hired (Section 679.3-5). Options range from assigning existing CETA staff to work with the PIC, to obtaining other manpower professionals or loaned staff from the private sector, to the PIC selecting and hiring its own staff. In the end, and particularly where the PIC is a subgrantee or contractor providing services or operating programs, the PIC will need to have staff capable of effectively carrying out PIC duties. Housing of the PIC staff should also be considered. For example, in some areas a local business or corporation will provide office space, so that the staff will be located with the private sector, which is considered an important factor in terms of employer contacts.

Beyond these considerations, there are other local decisions to be made:

1. In terms of influencing the local business community and having impact, it may be decided that heads of major local corporations are a must (or perhaps not one below the VP level). On the other hand, it may be felt that business representation from the operating and managing levels is essential for the technical expertise that they can provide.

2. Small and minority local business organizations may be consulted for advice and recommendations on who best can represent those interests.

3. In appointing union representatives to the PIC, State and central labor councils and other appropriate unions should be consulted. In addition to those representatives of organized labor that sit as members of the council, others may be brought in to sit on subcommittees and work groups to discuss particular issues, such as training in specific occupations. Of course, the appropriate local unions must be consulted if training is to be conducted in occupations where organized labor has an interest. Additionally, concurrence is required for training in occupations covered in a collective bargaining agreement with the participating employer.

4. Decisions on appropriate community based organization (CBO) and education members must be made. It should be noted that the Regulations indicate that selection should be made from among CBO's "that have demonstrated ... a record of effectiveness in their relationships with the business community" and from among educational agencies and institutions "that have demonstrated ... a record of effectiveness in providing education or vocational training oriented towards the needs of the business community". (The regulations do not define these terms, but they are meant to indicate the desired quality of an ability to enhance and support the Title VII goal of improved training for private sector employment for CETA clientele.)

G. Multi-jurisdictional PIC's

Another question to be addressed early on is whether it is possible and desirable to establish a PIC that covers more than one prime sponsor area. Both the regulations and the law encourage--and provide incentive funding--for the formation of PIC's that go beyond CETA prime sponsor boundaries to cover labor market areas. Since employers are often concerned with having to deal with several CETA prime sponsors in one service or market area, and the labor market area often encompasses more than one prime sponsor

jurisdiction, a broader Private Industry Council arrangement may help to overcome some existing obstacles to private sector employers' use of CETA.

Special funding and administrative arrangements can be made by the Department of Labor for these kinds of PIC's if the local communities can design and propose a satisfactory administrative arrangement to the Department of Labor.

H. Organizational Position

The PIC should be in a position within the organization of the local CETA system that will enable it to work productively and effectively with the prime sponsor on the Title VII plan and to have input into other local CETA activities. There is no prescribed organizational model. However, since the PIC must concur with the prime sponsor in the Title VII program plan, the Council should have a clear, and probably direct, relationship to the Chief Elected Official. Likewise, the relationship between the PIC and the Prime Sponsor's Planning Council, which advises on the overall local CETA program, should be clearly delineated.

Some PIC's have incorporated as private non-profit corporations. They have done so primarily so that they could freely enter into contracts to provide services or operate programs and so that they could receive cash grants from businesses and foundations. (The Department of Labor does not require incorporation in order to receive Title VII or other CETA funds, but incorporation is usually seen as desirable by PIC membership. CETA, including Title VII, funds can be used to cover the costs of incorporation.)

I. PIC Role

There is no prescribed model for a Private Industry Council; duties can vary considerably ranging from:

- o advising on private sector training matters; to
- o providing technical assistance to employers and to the local employment and training system; to
- o receiving program funds to operate training and employment programs.

Or one PIC may embody a combination of these roles.

Specific potential involvement could include:

- o Reviewing the current CETA system,
- o Advising the prime sponsor on how to improve job opportunities in the private sector for the economically disadvantaged.
- o Contributing to local employment and training program operations by advising or actually administering program operations.
- o Identifying goals for the Title VII program in terms of how many people can be trained and placed into private sector jobs using available funds.
- o Marketing the Targeted Jobs Tax Credit.
- o Assisting the prime sponsor to more effectively link local CETA programs with economic development activities in the area.

The PIC should propose to the prime sponsor the role its members feel the PIC can assume. The prime sponsor and PIC must agree on the PIC's responsibilities and functions.

In order for the PIC to make judgments on these and related matters, its members should be provided with (in addition to the regulations):

- o A summary of local CETA programs, including performance to date (Preferably brief, but informative; charts or graphs are useful)
- o Materials available from the Department of Labor on CETA progams and PIC activities, including:
- o PSIP Demonstration Period reports
- o Chamber of Commerce/Gallup Survey
- o Skills Training Improvement Program Report by the National Commission for Manpower Policy.
- o On-the-Job Training Monographs.
- o Targeted Jobs Tax Credit information booklet
- o Memorandum of Agreement between Employment and Training Administration (ETA), Economic Development Administration (EDA), Housing and Urban Development (HUD), Community Services Administration (CSA), and Small Business Administration (SBA).

J. PIC Functions:

The prime sponsor and the Private Industry Council should determine those functions that the PIC should perform or undertake, based on local conditions, the interest of the private sector and local community needs. Designing the Title VII program is a primary function. The PIC should also serve as an intermediary to assist the local employment and training structure to become more responsive to the business community.

PIC functions include the following:

- o in conjunction with the prime sponsor, design and develop the Title VII program;
- o be a primary vehicle of the prime sponsor for redirecting employment and training activities from public and private non-profit subsidized employment of CETA participants to permanent unsubsidized positions in the private sector;
- o serve as the business and industry contact point in the local Employment Training system;
- o present the private sector's view for making programs more responsive to the local needs;
- o advise and provide direction to the local employment and training system on ways to increase private sector job placement;
- o analyze private sector job opportunities;
- o survey employment demands in the private sector;
- o determine training possibilities;
- o have the opportunity to review and comment on the CETA annual plans.

Operational Functions:

The PIC should:

- o actively solicit public and private support for participation in the PSIP;
- o market and disseminate information on such programs as TJTC, HIRE, STIP, WIN, etc;
- o enter into cooperative written agreements with the SESA, JSIP committees, and other private sector councils and organizations to carry out certain PIC responsibilities.

The PIC may receive funds to administer and directly operate local private sector employment and training programs such as:

1. Coordinating programs of jobs and training and education enabling individuals to work for a private employer while attending an education or training program;
2. Developing a small business intern program to provide practical training enabling youths and other individuals to work in small business firms, to acquire first-hand knowledge of and management experience in small business;
3. developing relationships between employment and training programs, educational institutions, and the private sector;
4. developing useful methods for collecting information about Federal Government procurement contracts with private employers, new and planned publicly supported projects such as public works, economic development and community development programs, transportation revitalization, alternative energy technology development, demonstration and utilization projects, energy conservation projects, and rehabilitation of low income housing as part of a community revitalization or stabilization effort, which provides work through private sector contractors;
5. conducting innovative cooperative education programs for youths in secondary and post-secondary schools designed to coordinate educational programs with work in the private sector;
6. developing and marketing model contracts designed to reduce the administrative burden on the employer and model contracts to meet the needs of specific occupations and industries;
7. coordinating programs with other job development, placement, and employment and training activities carried out by public and private agencies;
8. providing on-the-job training subsidies on a declining ratio to wages over the period of training;
9. providing follow-up services with employees placed in private employment and employers who hire recipients of services under the Act;
10. encouraging employers to develop job skill requirement forecasts and to coordinate such forecasts with prime sponsors;

11. using direct contracts for training and employment programs with private for profit and private nonprofit organizations;
12. developing apprenticesnip or comparable high-skill training programs for workers regardless of age in occupations where such programs do not exist presently in the area;
13. increasing opportunities for upgrading from entry level jobs by providing counseling and other services to employees and employers beyond intial training periods;
14. providing technical assistance to private employers to reduce the administrative burden of employment and training programs;
15. disseminating information to private employers so that they may more fully utilize programs under the Act; and,
16. other program activities which demonstrate effective approaches to the training and employment of persons eligible to participate in CETA programs.

K. PIC Operational By-Laws

To accomplish its goals, each council should have operating procedures (by-laws) and each meeting should have an agenda.

By-laws facilitate council meetings and provide established procedures for handling routine items of business. It is not necessary that a council follow strict parliamentary procedures; but minimum rules of order are appropriate. Operating procedures may be formal or informal. Written (formal) by-laws have the advantage of providing an operational framework which can be transferred to a new council or new council members. By-laws may be developed by the council with concurrence by the prime sponsor. They also allow for common understanding of the purpose and procedures of the council. By-laws may include policies or procedures in the following areas:

(1) Purpose and Objectives of Council
(2) Membership (tenure, appointments, attendance, voting rights, and composition)
(3) Meetings (schedule, minutes, and notification)
(4) Selection and Duties of Officers

(5) Committee Structure
(6) Parliamentary Procedures
(7) Amendment Procedures
(8) Others, as appropriate.

In many jurisdictions, the PIC will be subject to an open-meeting law. In areas where they are not, the council could consider opening some or all of its meetings to the public. In this case, the meeting should be publicly announced a week in advance. Interested non-council members may be invited to attend meetings periodically as well.

Regularly scheduled meetings are essential to an active council. If PIC members' interest and motivation are to be maintained, meetings must be held regularly. The frequency of the meetings, monthly, bi-monthly, etc., is a local decision and depends on council functions and needs.

Subcommittee meetings, unlike the full council meetings, may be handled on an ad hoc and more frequent basis. Regularly scheduled full council meetings combined with ad hoc subcommittee meetings should achieve the following objectives:

- o assure the committees will be reasonably active;
- o allow PIC members to schedule time, at least for regularly scheduled meetings;
- o assure that meetings have purpose;
- o accomplish the tasks and responsiblities of the council;
- o assure greater participation of council members; and,
- o maximize communications between council and staff.

L. Subcommittees:

The number, function and selection of committees will vary depending on the size and role of the PIC as well as on local needs and interest. Two examples of subcommittees are standing and ad hoc subcommittees.

a. Standing subcommitees. Listed below are potential standing subcommittees and their functions. Generally, these subcommittees should reflect the overall composition of the PIC; i.e., organized labor, CBO's and educational agencies should be represented along with the business community.

(1) Executive - (composed of subcommittee chairpersons, council-chairperson and/or vice chairperson). This subcommittee may set council agenda, set council's annual calendar consolidate the Council's position on issues or on policy matters.

(2) Planning - This subcommittee may work with staff in planning yearly program reviews; make recommendations to full council and prime sponsor regarding program plans, goals and procedures.

(3) Monitoring and Assessment - monitors Title VII program components and suggests program modifications. This subcommittee may, together with agency representatives, evaluate other employment, training and related programs in the area and make recommendations to improve coordination and service delivery.

(4) Special Projects - handles special projects such as analyzing proposed legislation, and other projects as required.

b. Ad Hoc Subcommittes. Ad hoc subcommittees appear most appropriate for one-time issues or projects. Councils may employ a combination of standing and ad hoc subcommittees. Generally, ad-hoc subcommittees require more time to manage, yet provide the capability to handle short-term and new projects quickly and efficiently.

c. Selection of members to subcommittees. The membership of the subcommittee is key to a successful subcommittee. Subcommittee members may be appointed by the chairperson, elected by the council, asked to volunteer or a combination of these processes. Regardless of the procedure used to select members to the subcommittees, the following objectives should be considered:

- the participation of as many members as possible on one or more subcommittees;
- the selection of at least one individual who has expertise or experience in the area of the subcommittee, if possible;
- the assignment of members to subcommittees in which there are motivation and interest to serve;
- a size which is manageable and effective for accomplishing tasks; and
- a subcommittee which has the support of and access to the staff and chairperson.
- staff for subcommittees.

The combination of appointments and volunteers may be the most effective means of achieving the objective mentioned above. In some instances, it may be appropriate to utilize non-council members particularly when expertise and resources are not available on the Private Industry Council.

When this is done, it provides an opportunity to involve even more members of business and industry, and other groups, in the goals of the PIC.

V. PIC OPERATIONS:

A. Beginning Operations

A general note: In order to make sure that plans are carried through to actions, some PIC's have established an Executive committee which meets before and after each regular PIC meeting. At the meeting before the PIC meeting, the Executive Committee sets the agenda, sees that the staff and/or PIC members prepare the necessary materials for PIC action or information, and discusses strategy for dealing with current or foreseeable issues. Following the PIC meeting, the Executive Committee meets briefly to see that action items are properly assigned and follows up on other matters that require attention before the next PIC meeting.

The nature and extent of PIC functions will vary from area to area. The regulations lay down some basic requirements, but these are general in nature for the most part, (e.g., development of the Title VII plan). Thus, potential operations can be seen as ranging, on a continuum, from advisory - to technical assistance - to program operator. No PIC will probably fall clearly into one category or another; the point is: there is flexibility for prime sponsors and PIC's to mutually decide on how the PIC will operate.

B. The Title VII Plan

A primary responsiblity of the PIC is to develop, in conjunction with the prime sponsor, the Title VII plan. This plan will be submitted to the Department of Labor for approval and is the vehicle through which Title VII funds are received. The plan must have the concurrence of both the PIC and the prime sponsor in order to be approved. The regulations explain, in Subpart 679.5 (Annual Plan Subpart) what must go into the plan, so the regulations should be carefully reviewed by all PIC members.

Since the Title VII plan, and actual PIC activities, can encompass a wide range of activities or programs which fall within the scope of the regulations, only a few of the possibilities are highlighted here.

Analysis of Private Sector Job Opportunities

The regulations require the PIC to "analyze private sector job opportunites, including estimates by occupation, industry and location."

This analysis is one of the most tangible initial tasks a PIC can assume and is an important part of determining the Title VII program design. However, before plunging into a study or a mail-out survey to employers in the area, the PIC should consider work that may have already been done on this subject. Many prime sponsors, as well as economic development agencies, have conducted studies or surveys of the local private sector job market, in terms of both short-range and long-range labor demand. State Employment Security Agencies also continuously maintain labor market data for the area. The PIC should therefore obtain and review any such information already available from sources such as:

- o The CETA prime sponsor system
- o The Employment Service
- o The local economic development or community development agency.
- o Economic development councils or committees.
- o Bureau of Apprenticeship and Training.

If the review of the available data indicates that it is inadequate for purposes of planning for private sector training and employment, the PIC may want to undertake, or request the prime sponsor to undertake, a new study. Often good information can be obtained by a mail-out questionnaire. Or it can be done by personal interviews with a sample of employers, which of course takes longer. In any case, sensitivity of employers to being queried about their business matters (i.e., labor needs) should be foremost in mind in designing the approach. In most areas, employers have been contacted and surveyed by manpower planners and job developers for years and often will not welcome yet another survey.

Indirect methods for obtaining information on existing and projected job openings should not be overlooked. For example, information on jobs created by Federal contracts with employers may be obtained from the U.S. Department of Labor Office of Federal Contract Compliance Programs. Also, job

openings resulting from new industrial and commercial development projects aided by the State or municipality is often available from the State or local government that is coordinating the development. The Small Business Administration may be another source of information on employment expansion in the area. Not to be overlooked is the data on jobs to be created by Federal public works, community development, and other types of economic development-related grants from agencies such as the Economic Development Administration of the U.S. Department of Commerce or the U.S. Department of Housing and Urban Development. States and local governments have information on these grants, including projected job creation, or the appropriate Federal agency may be contacted. Local business organizations, such as the National Alliance of Business, Chamber of Commerce or trade associations may be another source of up-to-date information.

On the supply side of the labor market question, local labor organizations should be able to provide advice on labor shortage or excess supply in particular occupations. Labor will be represented on the PIC and so will have a direct contribution to the discussion on employment opportunities. But it should be noted that for any training for occupations covered locally by collective bargaining agreements, consultation with the appropriate union is required by the CETA regulations (Section 676.24). Thus, if the appropriate union isn't on the PIC, outside consultation is necessary.

The important point is that both sides of the labor market picture should be looked at in analyzing private sector job opportunities and in planning for training programs.

Using the Data

Analysis of labor market demand data must be done with an eye to its intended use. The general purpose of the analysis will be to identify the occupations or industries in which training for CETA clients will be given or where CETA eligibles can be directly placed into unsubsidized jobs. The analysis may turn up information that can be used not only for planning

specifically for Title VII activities but which also can be used by the prime sponsor in planning or conducting training with funds available under other CETA titles.

The latter can be an important means by which prime sponsors can adjust the total local CETA program to better take advantage of private sector job opportunities. For example, where the analysis results in identification of several occupational areas for which there is an inadequate labor supply and where there may be insufficient funds available through the Title VII grant to train all the workers needed, the prime sponsor may be able to fund the training from other funds under CETA. Or, in another example, if the analysis shows that CETA training "graduates" are not being prepared with skills adequate or appropriate to employer needs, and therefore trainees are not getting jobs after training, the course curriculum may be revised or improved to provide the proper skills.

In terms of using the analysis for Title VII purposes, there are many possible approaches. Funds can be used to start up new classroom training programs with vocational schools (including public, private non-profit or private-for-profit), skills centers, community colleges or community based organizations. Or funds could be used for on-the-job training directly with employers. Often, studies show, classroom training combined with on-the-job training produces the best results for the trainees. Funds can even be used to pay employers for classroom instruction where the employer has the capability to provide it.

Examples of Uses of Labor Market Information

In one example of how labor demand data have been used, industry executives were able to make the case that their industry was experiencing significant skill shortages and their information and advice led to a decision to create a single industry training cluster. A non-profit board of directors from the industry was created to manage the program on a continuing basis.

In another example, PIC members reviewed the prime sponsors' OJT (On-The-Job), STIP (Skill Training Improvement Program) and HIRE (Help through Industry Retraining and Employment) programs to see how they might increase private sector involvement in these programs. The PIC also decided to involve itself in the JSIP (Job Service Improvement Program) employer committee through its member who sits on this committee, and with local apprenticeship programs both to increase the number of these programs and to increase the participation of CETA-eligibile persons in apprenticeship.

In yet another case, a PIC concurred with a proposal developed by staff which called for establishing an academy to provide training for specific occupational clusters where a survey had shown both a shortage of current entry-level workers and a projected future shortage. Along with the occupational training there would be only as much math, reading and writing instruction as would be needed for the job, and that would be job specific. The training would be graduated by level of skill required, with opportunities for trainees to get jobs at the end of each level of training, if they did not want or were unable to go through the whole series. PIC members committed their businesses to find instructors for the training, facilities for the academy, and jobs for the trainees. They also committed themselves to sell this program to other employers. Funds are used to cover development of the academy concept, training and related educational curriculum, and planning for the facility itself.

Coordinating with Economic Development

In some areas prime sponsors are already finding out that closer tie-ins to economic development activities are directly and quickly benefiting the CETA training system--and the CETA trainees. (As mentioned earlier, PIC's should, as part of the labor demand analysis, determine if there are such projects in their area.) Often, as part of the development package, local governments offer prospective businesses special low-interest loans, tax abatement, land write-downs, land acquisition and assembly and other inducements to build, renovate or expand in the target area. In a quid-pro-quo arrangement, the prospective employers receiving such benefits sign an

agreement to select, or give first preference for hiring, to CETA clients for the new jobs being created. This type of "first source" agreement gives CETA trainees a direct access to unsubsidized jobs in the private sector. It also gives the employers a ready source of trained personnel, without having to search or advertise for employees. In some cases, special training programs are developed to meet the specifications of the employers, and the training program completion is timed to match the availability of the new job openings. Needless to say, these arrangements require a good deal of "front-end" work to ensure that proper training programs are developed and that an adequate labor supply is produced, in terms of both skill preparation and timing of availability.

C. Developing New Programs

The Private Sector Initiative Program presents the opportunity for developing new programs. Since PSIP is to be a demonstration program, pointing up new ways of listing CETA training with private sector employment, innovation is encouraged.

Program Ideas

Some program ideas that can be done under Title VII include the following.

Small business internships. In many areas, as part of local economic development activities, assisting and supporting small businesses is a chief goal. A small business intern program may be developed by the PIC, with the prime sponsor, to assist in this effort and at the same time to provide new employment opportunities for the unemployed. There are a number of ways a small business intern program could work. For example:

- Special classes could be set up, or existing courses with a community college or other organization, could be used, to give CETA participants training in bookkeeping, busines management, tax laws, etc. The participants could, in conjunction with the classroom instruction, be in on-the-job training on a part-time basis with small employers to learn first-hand the "nuts and bolts" of operating a business. In the on-the-job portion, the trainee would be exposed to actual experiences with classroom subjects and with other first-hand training in areas such as

inventory control, personnel, marketing, etc. In addition, since the goal of participation for the trainee would be placement with small business, some specific occupational skill training might be offered to enhance individual employability.

- In another program idea, CETA trainees could be "rotated" through several on-the-job training settings with small employers in a given occupational field, with ultimate placement with an employer as the end goal. Again, skills and knowledge in the areas mentioned above would be transmitted, in this case, exclusively through the on-the-job setting.

- Co-operative work/study arrangements for students in a local community college business curriculum could be made. For the CETA-eligible student, this study could be provided under CETA classroom training resources, or possibly through resources available without cost to the CETA-eligible student. The students could undertake work "rotations" with small businesses through on-the-job training, with CETA funds being used to support administrative costs to the college as well as OJT costs to the local employer.

Self-employment training is another concept that might be explored. As in the case of small business internships, unemployed people can be trained in the classroom in business management skills, and on-the-job training can be given for first-hand experience.

- The OJT/classroom training combination could be used fruitfully in this strategy. However, since this training would be specifically geared to self-employment rather than employment with another employer, the approach to the nuts and bolts of small business will, of necessity, be of a broader scope than that offered in the small business internship option. Participants should receive formal training on the art of "entrepreneurship": selecting a business; choosing a location; identifying a market dealing with wholesalers et. al.

- Financial counseling would be an integral part of self-employment training, e.g., obtaining seed money, maintaining the cash flow, dealing with creditors and debtors, etc. Although there may be some expertise within the prime sponsor/PIC alliance in this regard, this aspect might also open the way to fulfillment of a Title VII goal: increased interagency coordination. Counselors might seek active linkages with SBA, EDA, etc., to refer self-employment participants to these agencies for specialized financial assistance and guidance.

- Self-employment training might also prove an excellent vehicle for demonstrating the viability of a coordinated private sector forum in the PIC. Primes and their PICs may seek to combine the expertise of their memberships to provide guidance and technical assistance to beginning entrepreneurs. In addition to individual self employed PIC members, this effort might extend to employer organizations such as Chamber of Commerce, NAB, etc., to trade groups and other PIC participants. In the broad sense, and from the perspective offered by the partnership of the Chief Elected Official and the PIC, self employment training "graduates" may be guided as to the best prospects for a successful business enterprise in the local area. Such guidance could provide the "make or break" point for the small business entrepreneur.

- In many downtown rehabilitation projects the revitalization of an existing small business infrastructure could be enhanced by a self-employment training programs. For example, where rehabilitation of existing buildings in a commercial area awaits the opening of specialty shops, craftsmen, restaurants, etc., self employment training could provide the entrepreneurs to occupy the rehabilitated buildings. Close coordination with the economic development efforts would be required to prepare the entrepreneurs for occupancy.

PSE for Private Sector Jobs

The PIC and prime sponsor may see new uses for public service employment programs, by channeling PSE jobs into uses which support private sector employment retention and expansion. As an example, one community decided

to use PSE dollars to create new "business security" patrol positions. This idea arose when a survey showed that businesses were leaving a downtown economic development target area because of such security problems as vandalism and robberies. While the local government planned its economic redevelopment program, and in order to dissuade remaining businesses from moving out, the CETA program hired a number of business security aides as PSE participants to patrol the area. The program was publicized among the existing businesses so that they would know that the local government was doing something to relieve immediate problems. If the remaining businesses could be kept in the area, and plans made for development of additional businesses, more jobs would be created for the local unemployed population.

In summary, there is a multitude of strategies to be explored, only a few of which are mentioned here. Before deciding on any course of action, the PIC will need to consult with many employers, with labor organizations and with the providers of training, including educational institutions and community based organizations, in addition to the contacts made for purposes of the labor market analysis mentioned earlier.

D. Technical Assistance

Perhaps one of the most important roles a PIC can play in a local community is to explain to employers the potential for CETA to be of assistance to them. While the explicit goal of CETA is to assist unemployed and underemployed, economically disadvantaged people, this goal can only be realized if CETA can adequately train and place such persons in good jobs--and most of the jobs in this country are with private employers. Thus, an efficient and effective CETA system can produce a workforce that is ready and able to do the job employers need done, while at the same time easing the financial distress of unemployed people.

Historically hesitant about getting involved in "government programs", many employers will no doubt be wary of yet another one. However, if employers can be shown that CETA can work for them, both they and the unemployed will benefit.

The PIC should be the contact point for employers to obtain qualified workers from CETA--at no cost--and the PIC can be the "outreach" point to locate jobs for economically disadvantaged people. As one of its tasks in this regard the PIC might develop, or assist the prime sponsor in developing, contract formats for on-the-job training that are simple and straighforward. The PIC staff might, in fact, do the contracting, reporting and other administrative work that must be done to run a good training program. Or the PIC might help the prime sponsor to centralize or streamline these functions for more efficient operation and reduction of "red tape". The PIC might be a sort of "ombudsman" in helping to get training contracts through the local procurement system. Or it might review the local procurement system and make recommendations to improve or speed up processing of contracts for CETA training or services. For example, in some areas, each on-the-job training contract must go through city council approval, according to local rules or practice; in other areas this is not required--the CETA staff has contracting authority. Perhaps a change in a local ordinance could speed things up--and get trainees to employers when they are needed. Or in other cases, local procurement rules which were developed for, and are appropriate for, procurement of supplies and materials or for major contracts, are being used for entering into contracts for on-the-job training. Perhaps revisions to such rules might be a significant factor in more efficiently providing employment training--for people who need jobs and employers who need help. The PIC may be able to see where problems are and to make recommendations for their solution.

Thus, technical assistance by the PIC can go two ways: to the employer, in terms of informing him/her about CETA and by reducing red tape, and to the CETA system in terms of making it more effective in providing employment to the unemployed.

VI APPENDIX A

HISTORICAL BACKGROUND IN EMPLOYMENT AND TRAINING PROGRAMS

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HISTORICAL BACKGROUND IN EMPLOYMENT AND TRAINING PROGRAMS:

The development of concern for employment and training programs for the private sector are associated with the growth and proliferation of federal programs and related services. Employment and training programs in this country have evolved through responses to specific problems that required the attention of the federal government. Rather than overall policy of human resource development and utilization, it has been largely a piecemeal approach attacking specific dysfunctions or attempting to meet certain social needs.

Prior to the 1960's the major agencies and programs providing manpower services were the Vocational Education Program, Vocational Rehabilitation Program, and the Employment Service. The Vocational Education program was created under the Smith-Hughes Act of 1917. The basic premise underlying this Act was the limited skill needs of the labor market. With the changing of the occupational and industrial composition of the nation's labor force requirements, the Vocational Rehabilitation program was created under the Vocational Rehabilitation Act of 1920, to qualify the physically and mentally handicapped for productive employment. New legislation in 1965 authorized the tripling of federal support, and the definition of handicapped was broadened administratively to include impairment due to vocational education, cultural, social, environmental, and other factors.

The United States Employment Service was created during the depression under the Wagner-Peyser Act of 1933 for the establishment of a national employment system and for cooperation with the states in promotion of such a system. Later, the unemployment compensation and insurance program was created by the Social Security Act of 1935 and administered by the U.S. Employment Service. During the 1930's, the Employment Service was mainly an instrument for screening applicants for welfare and work relief projects. It later served in a major capacity as an agricultural labor exchange agency. Through the years the Employment Service has expanded its availability of services to include, but not limited to, placement services, employment counseling, and special services to veterans, personnel management services, and labor market information and analysis.

During the sixties, however, a growing awareness of other manpower needs of large groups within the population led to the enactment of legislation and the implementation of programs aimed at resolving their specific labor market problems. The first among these was the Area Redevelopment Act (ARA) of 1961. This was intended to provide economic development opportunities for economically depressed areas; it also contained a relatively modest manpower service component. Responsibility for administering ARA manpower services was divided between the federal and state systems of the Departments of Labor and Health, Education, and Welfare (HEW). Training services were administered through HEW and the state education agencies; the Department of Labor (DOL) and the State Employment Security Agencies (SESAs) were responsible for determining training needs and providing job placement activities.

In 1962, the Manpower Development and Training Act (MDTA) was enacted. Originally, MDTA was to provide training to those who had become unemployed through technological or other structural changes in industry. Again, administration for the program was divided between DOL and HEW at the federal level and the Employment Service and the Vocational Education agencies at the state level. The legislation was amended in 1965 to shift the stated focus of the program from the technologically displaced to the poor and disadvantaged, but there was no change in the basic division of administration responsibilities.

The Economic Opportunity Act (EOA), which was passed in 1964, established a number of new programs relating to manpower and employment. Among these programs were the Neighborhood Youth Corps, the Job Corps, Operation Mainstream, and New Careers. Administrative responsibility for the programs under this act was divided among DOL, HEW and the Office of Economic Opportunity (OEO) — a special office created within the Executive Office of the President. In addition, EOA authorized the Community Action Program under which local Community Action Agencies (CAA's) were created and funded to carry out locally developed programs on behalf of the poor. The CAA's, in some areas, established programs which were competitive with the services provided by existing agencies, including some manpower services. In addition to the local CAA programs, the national office of the Community Action Program funded demonstration programs which bypassed both the traditional agencies (e.g., the Employment Service) and the local CAA's as well. Through subsequent amendments to EOA, some of the demonstration programs became permanent national emphasis programs.

The early sixties were years of considerable experimentation on how to resolve the different employment problems of specific groups. Out of this structured and unstructured experimentation grew a realization that excessive fragmentation of programs was inefficient and was denying many individuals access to the whole range of services that were available in different programs. Bureaucratic over control of programs within and among federal agencies, among state agencies, controversies between state and local agencies, and contests among local agencies further reduced the effectiveness of the manpower network then in place. At the same time, there was growing pressure from many state and local governments for an increased role in the administration of these programs. The combination of these factors led to consideration of both legislative and administrative proposals for reform.

There were a number of legislative reform proposals. As these were being considered, some administrative initiatives were undertaken to improve the planning and delivery of manpower services. Between 1964 and 1966, the President's Committee on Manpower, a Cabinet committee chaired by the Secretary of Labor, worked to increase the coordination of manpower and training services at the local level. The National Manpower Advisory Committee, created by MDTA, also began to call attention to and make recommendations regarding duplication and fragmentation in manpower programs.

In 1967, two new approaches were attempted. Through the Cooperative Area Manpower Planning System (CAMPS), an attempt was made to improve coordination through the planning process. This was a largely voluntary effort operating at the local, state, and regional levels with the involvement of the ES, the CAA's, educational institutions, welfare agencies, and other organizations. The CAMPS committees were expected to assess local needs and develop programs to meet those needs. This experiment was considered by most authorities to have been disappointing. The plans tended to be compilations of local program applications and, since the federal funding agencies were not bound by these plans, they tended to have minimal influence on funding decisions. However, the CAMPS effort did provide a local forum for the exchange of information among service deliverers and, further, it helped solidify the concept of local planning for manpower services.

Another administrative attempt at better coordination instituted in 1967, was the Concentrated Employment Program (CEP). This was an attempt to provide intensive manpower services in urban ghettos (although a few rural CEP's were funded). This early attempt at providing operational coordination through local sponsors did provide some useful lessons in the development and tailoring of individual employability development plans -- plans which utilized the services and facilities of a variety of programs to assist the participant. Some of the CEP principles have been carried forward into present manpower efforts.

These two administrative initiatives were followed by others during the period between 1969 and 1972. Basically, these subsequent attempts were aimed at strengthening the CAMPS structure by providing funds for independent staff and more directly involving the governors and mayors in the planning process. In addition, the Department of Labor began an experiment to develop Comprehensive Manpower Programs (CMP's) in nine jurisdictions. The idea in the CMP's was to provide flexibility in the use of MDTA and EOA funds so that the programs could be structured to meet local needs. There is not sufficient evidence to judge the efficiency of these latter two administrative initiatives as the Comprehensive Employment and Training Act (CETA) legislative reform soon overtook them.

The legislative debate concerning the restructuring of manpower programs continued throughout this period. A number of different bills were considered. However, disagreements between the Congress and the Administration on the inclusion of public service employment and the degree of decentralization delayed the enactment and implementation of any major new legislation. It was not until 1973, with the passage of the Comprehensive Employment and Training Act, (CETA) that new manpower legislation designed to alleviate the fragmentation of the sixties was passed and signed into law.

Many of the concepts and concerns that had emerged during the sixties converged in the development of CETA. In order to reduce fragmentation and to increase the flexibility of manpower programs to serve the needs of individuals, it combined the resources and services available under EOA and MDTA. In addition, the law placed heavy emphasis on the coordination of CETA programs with other manpower related programs such as the Employment Service, the Work Incentives Program,

Vocational Education, and Vocational Rehabilitation. Finally, the law decentralized a significant part of the Federal manpower effort; that is, it gave state and local governments considerable responsibility and flexibility for planning, administering and operating manpower programs in their jurisdictions.

APPENDIX B

PART 679 - CETA REGULATIONS

PRIVATE SECTOR INITIATIVE PROGRAM

NOTE: Refer to Federal Register, Vol.44, No. 65 published April 3, 1979 for official copy of complete CETA regulations.

Part 675 Introduction of the Regulations under the Comprehensive Employment and Training Act.

Part 676 General Provisions Governing Programs under the Comprehensive Employment and Training Act.

Part 677 Programs under Title II of the Comprehensive Employment and Training Act.

Part 678 Public Service Employment Programs under Title VI of the Comprehensive Employment and Training Act.

Part 679 Private Sector Initiatives Program for the Economically Disadvantaged under the Comprehensive Employment and Training Act (complete text of this Part follows).

PART 679-PRIVATE SECTOR INITIATIVE PROGRAM FOR THE ECONOMICALLY DISADVANTAGED UNDER THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Sec.

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679.7 Allowable activities.

AUTHORITY: Sec. 126 of the Comprehensive Employment and Training Act (29 U.S.C. 801 et seq., P.L. 95-524 92 Stat 1907) unless otherwise noted.

§679.1 Scope and purpose.

This Part contains the regulations for activities under Title VII of the Act, known as the Private Sector Initiative Program.

(a) Title VII of the Act is a demonstration Title. It authorizes a variety of approaches to increase the involvement of the business community in employment and training activities under the Act.

(b) Title VII is designed to increase private sector employment and training opportunities for persons eligible under this Part.

(c) As a primary vehicle to assist prime sponsors in meeting these goals, Title VII provides for the establishment of Private Industry Councils (PIC's) which are to participate jointly with the prime sponsor

in the local development and implementation of programs under this Part, and to consult with the prime sponsor on other employment and training activities. Title VII encourages the formulation of a local partnership between the private sector and the prime sponsor in order to meet its purposes.

(d) The ultimate goal of Title VII is to increase private sector employment and training opportunities under all Titles of the Act, commensurate with reduced emphasis on public and private nonprofit subsidized employment.

(e) An important thrust of the Act is to provide for maximum feasible coordination of programs under the Act with related functions supported by the Department and by other Federal, State and local agencies. Accordingly, PIC's formed by prime sponsors to assist in Title VII implementation are encouraged to work with Job Service Improvement Program (JSIP) employer committees, the Bureau of Apprenticeship and Training, and State Apprenticeship Councils, as well as the Economic Development Administration, Small Business Administration, Community Services Administration, and U.S. Department of Housing and Urban Development, among others, in order to increase the effectiveness of programs under this Part and under the Act in securing employment for economically disadvantaged persons (sec. 701).

(f) This Part, in conjunction with Parts 675 through 677, Subpart B, comprise the regulations for Title VII of the Act.

§ 679.2 Participant eligibility.

To participate in programs described in this Part, a person shall be:

(a) Economically disadvantaged; and (b) Unemployed, underemployed, or in school (sec. 701).

§679.3 Private Industry Councils (PIC's).

§679.3-1 Purpose.

(a) To receive financial assistance under this Part, each prime sponsor shall establish a Private Industry Council (PIC). Its purpose shall be to increase the involvement of the business community, including small business, minority business enterprises, and labor organizations in employment and training activities under the Act, and to increase private sector employment opportunities for economically disadvantaged persons (secs. 701 and 704(a)(1)).

(b) Given the diversity of local circumstances and the differing environments in which PIC's will operate, the structure, level of activity, and composition of PIC's may vary considerably from one prime sponsor jurisdiction to another.

(c) Generally, meetings of the PIC shall be open and accessible to the general public, and minutes shall be maintained.

§679.3-2 Appointment of PIC members.

Each prime sponsor shall appoint the members of the PIC. (sec. 704).

(a) General. (1) A majority of the PIC membership shall be representatives of industry and business (including small business and minority business enterprises). The PIC shall also include members representing organized labor, community-based organizations, and educational agencies and institutions.

(2) Existing local councils or committees may be designated or adapted to serve as the PIC (sec. 704(a)).

(3) The prime sponsor shall make ultimate decisions regarding the membership of the PIC after soliciting and considering the recommendations of the business and industrial community. Additionally, the prime sponsor should consult with labor organizations, community-based organizations, educational agencies and institutions, the appropriate apprenticeship agency, the State Employment Security Agency (SESA), and women's organizations, existing councils and committees, and other organizations expressing an interest in the Title VII program (sec. 704(a)).

(4) In prime sponsor jurisdictions in which a National Alliance of Business (NAB) metro organization exists, it should be given consideration in the establishment of the PIC.

(5) Nothing in this section is meant to give a presumptive role to any particular organization in the establishment of the PIC (sec. 704(d)).

(b) Business and industry members. (1) The prime sponsor shall make every effort to recruit business and industry members for the PIC who will be representative of the private for profit employment community in terms of the types of business represented, such as small businesses, minority-owned businesses, businesses owned by women and others reflective of the commercial and industrial makeup of the area (sec. 704(a)(1)).

(2) Where possible, at least half of the industry and business representatives shall be representatives from small business. For purposes of this requirement, "small business" means any private for profit enterprise employing five hundred or fewer employees (secs. 704(a)(1) and (2)).

(3) Minority business enterprises shall be represented on the PIC, at least consistent with their representation in the business community (sec. 704(a)(1)).

(4) Prime sponsors may consider either the residence of the prospective PIC member or the location of the business with which that person is associated in considering appointments to the PIC.

(c) Other required members. At least one representative of each of the following shall be included among the PIC membership:

(1) Organized labor. In appointing members from organized labor, the prime sponsor should consult State or central labor bodies, the Human Resources Development Institute (HRDI), appropriate apprenticeship agencies, and unions representing major occupations in the area.

(2) Community-based organizations that have demonstrated to the prime sponsor a record of effectiveness in their relationships with the business community.

(3) Educational agencies and institutions that have demonstrated to the prime sponsor a record of effectiveness in providing education or vocational training oriented towards the needs of the business community.

(d) Other members. Prime sponsors may also appoint to the PIC other members, such as representatives of persons eligible to participate in activities under this Part and representatives of organizations having unique relationships to both the CETA system and the private sector, such as SESA's and appropriate apprenticeship agencies (sec. 704(a)(1)).

§679.3-3 Chairperson.

(a) A chairperson pro tem from the business and industrial community should be appointed by the prime sponsor to assist in identifying potential members and in establishment of the PIC.

(b) Once established, the PIC shall have a permanent chairperson selected by the members of the PIC, who should be a representative of business and industry.

§679.3-4 Organizational position.

(a) The organizational position occupied by the PIC within the overall employment and training delivery system shall be determined by the prime sponsor in consultation with the PIC. Such position and relationship shall be designed to enable the PIC to carry out its responsibilities.

(b) To carry out its duties, the PIC should appoint subcommittees to deal with particular areas of concern, and secure, either through its staff or other means, the expertise of persons in the private sector having knowledge of business practices and policies (sec. 704(c)).

(c) PIC relationship to the prime sponsor's planning council.

(1) The activities of the PIC shall be coordinated by the prime sponsor with those of the prime sponsor's planning council, and area planning bodies in the case of State prime sponsors. The planning council shall be consulted in the development of the Title VII program and shall be afforded the opportunity to review and comment on the Title VII Annual Plan subpart (sec. 703(b)(4)).

(2) For purposes of Title VII, the PIC shall not be subordinate in its authority to the prime sponsor's planning council.

(3) The PIC chairperson (or designee) shall, at a minimum, serve as an ex-officio, nonvoting member of the prime sponsor's planning council and the chairperson (or designee) of the prime sponsor's planning council shall, at a minimum, serve as an ex-officio, nonvoting member of the PIC.

However, the prime sponsor may assign either chairperson the status of a full voting member on the respective councils (sec. 704(b)).

(d) Due to the unique nature of Balance-of-State organizational structures, such prime sponsors are authorized to develop alternate measures regarding the organization and structure of PIC's, such as PIC's covering sub-State planning areas, a single PIC for the entire prime sponsor jurisdiction with a decentralized staff, and other special arrangements.

§679.3-5 Staff.

The PIC shall be appropriately staffed, commensurate with its responsibilities. The staffing composition of the PIC shall be determined through mutual agreement between the PIC and the prime sponsor.

(a) When the PIC is a subgrantee or contractor of the prime sponsor, staff shall be hired in a manner consistent with that status and with the terms of the PIC's subgrant or contract with the prime sponsor.

(b) If the PIC is other than a subgrantee or contractor, it shall be consulted by the prime sponsor on the matter of its staffing. To the extent possible, consistent with applicable personnel rules, the PIC should be party to decisions on staff selection or hiring.

§679.3-6 Multijurisdictional PIC's.

A PIC may be established to cover more than one prime sponsor area, pursuant to arrangements and agreements between the prime sponsors and the PIC.

(a) A PIC may be established to cover a multijurisdictional area with the affected prime sponsors submitting and reporting upon separate Title VII Annual Plan subparts.

(b) The above approach does not preclude other arrangements. Prime sponsors may propose alternatives as part of their Title VII Annual Plan Subpart. The RA may approve such arrangements after considering the desirability of the proposed arrangements in view of the purposes of Title VII and after reviewing their feasibility in terms of reporting and otherwise meeting Comprehensive Employment and Training Plan requirements of §679, §676.10 and §676.11.

(c) Financial incentives shall be provided to prime sponsors establishing multijurisdictional PIC's that meet criteria discussed in §679.4 (b)(2) (secs. 702(b) and 704(a)(1)).

§679.3-7 Functions of the PIC.

The prime sponsor and the Private Industry Council shall determine those functions that the PIC will perform, based upon local conditions, the interests of the private sector, and the needs of the community. Those functions include the following, among others:

(a) General. (1) The PIC shall serve as an intermediary to assist the local employment and training structure to become more responsive to the business community.

(2) The PIC shall serve as the business and industry contact point in the local employment and training system, to present the private sector's view and recommendations for making programs more responsive to local employment needs.

(3) The PIC shall advise and provide direction to the local employment and training system on ways to increase private sector job placements for persons eligible under this Part (secs. 701 and 704(c)).

(b) Planning and coordination. (1) The PIC shall, in conjunction with the prime sponsor, design and develop the Title VII program and subpart to the prime sponsor's Annual Plan (sec. 703(b)).

(2) In designing the plan, and on a continuing basis, the PIC shall analyze private sector job opportunities, including estimates by occupation, industry, and location. The analysis should survey employment demands in the private sector and training possibilities, such as apprenticeship, in order to develop projections of short and long range labor needs, and to refine employment and training programming so that it becomes increasingly responsive to private sector labor needs. In undertaking such analysis, the PIC should assess and utilize information contained in economic development plans for the area and currently available labor market information from sources already in place, such as the State Employment Security Agency (SESA) and appropriate apprenticeship agencies (sec. 703(b)(3)).

(3) The PIC should, in conjunction with the prime sponsor, develop specific private sector employment and training projects.

(4) The PIC should, in conjunction with the prime sponsor, develop criteria for the types of occupations to be selected for the expenditure of training funds.

(5) The PIC should, in conjunction with the prime sponsor, develop standards and specifications for training in particular occupations.

(6) In designing the plan, the PIC and prime sponsor should, to the extent possible, ensure that the plan is consistent with plans, funding applications and grants for programs related to private sector employment and training which are funded by other Federal agencies. For planning purposes and to coordinate with activities under other Federal programs,

the PIC and prime sponsor should where possible review and comment on such plans and funding applications, especially regarding ways in which they affect employment and training, including apprenticeship, in the private sector (including those of the Economic Development Administration, Department of Housing and Urban Development, Small Business Administration and Community Services Administration) (secs. 103(a)(20), 704(c) and 705(a)(4)).

(7) The PIC should consult with the prime sponsor and its planning council during the development of, and shall have the opportunity to review and comment on, other Annual Plan subparts under the Act (sec. 704(c)).

(c) Operational functions. (1) The PIC should actively solicit public and private support for and participation in the Private Sector Initiative Program and other programs and activities designed to increase private sector employment and training opportunities for persons who are economically disadvantaged.

(2) The prime sponsor may involve the PIC through arrangements and written agreements so that the PIC can carry out its responsibilities. In particular, the PIC should be involved with SESA, Job Service Improvement Program (JSIP) Committees, local WIN sponsors and other private sector intermediaries in marketing and disseminating information on the Targeted Jobs Tax Credit, created by the Revenue Act of 1978 (P.L. 95-600), and the WIN Tax Credit.

(3) The prime sponsor and the PIC may decide that the PIC will administer and directly operate local private sector employment and training programs. Such an operational function could involve directly marketing on-the-job and other training agreements with private

employers, developing training programs, entering into contracts with private firms, community-based organizations, educational agencies and institutions and SESA's and other related activities. Consistent with state and local law, PIC's may incorporate for these purposes.

(4) Organizations represented on the PIC may be directly involved in the operation of employment and training programs funded under this Part, consistent with the conflict of interest provision of Section 679.3-9.

(5) In accordance with Section (676.38(b), the PIC may participate with the prime sponsor in developing criteria for the selection of any nongovernmental organization, association, firm or other entity for the conduct of programs or activities under this Part (secs. 121(o) and 704(c)).

(d) Review and Assessment. (1) The PIC shall participate with the prime sponsor in overseeing activities under this Part. Programs under this Part are subject to the prime sponsor's monitoring responsibilities (sec. 704(c)).

(2) The PIC may, in consultation with the prime sponsor, identify the factors to be addressed in an assessment of the effectiveness of activities under this Part.

(3) In consultation with existing groups, such as JSIP employer committees and prime sponsor's planning and youth councils, the PIC may examine the performance of the local CETA and SESA delivery system to determine how to better meet the needs of business and industry and increase private sector employment opportunities for the economically disadvantaged, and advise the prime sponsor and the SESA of its observations and recommendations (sec. 704(c)).

(e) Nothing in this section is intended to limit the functions of the PIC, with respect to assisting the prime sponsor to improve the responsiveness of employment and training programs to employment opportunities in the private sector. The business community should be involved in determining the functions of the PIC so that these well be responsive to the needs and interests of business and industry.

§679.3-8 Accountability.

The Department holds the prime sponsor accountable for activities conducted and funds expended under this Part.

(a) The PIC, in working with the prime sponsor to develop activities under this Part, must recognize the prime sponsor's ultimate liability for all of the PIC's activities. The PIC and the prime sponsor are thus both responsible for program performance, and the Department in assessing the Title VII program will take both the prime sponsor's and the PIC's performance of functions into account.

(b) Where the PIC is a contractor or subgrantee of the prime sponsor, it is financially liable to the prime sponsor for funds received.

§679.3-9 Conflict of interest.

(a) Prime sponsors may provide broad administrative responsibility to the PIC, including the authority to enter into contracts and subgrants. However, contracts in excess of $10,000 between the PIC and any private organizations with which a PIC member is associated as an officer, member or employee shall be subject to the final written approval of the prime sponsor, prior to execution of the contract or subgrant.

(b) The Conflict of Interest provisions of §676.62 also apply to the PIC.

§ 679.4 Allocation of funds.

(a) Prime sponsor basic allocations. Ninety-five percent of funds available under Title VII of the Act shall be allocated to prime sponsors as provided in Section 202(a) of the Act except that:

(1) In order to ensure that every prime sponsor receives an allocation of sufficient size to mount a viable program, a minimum allocation level may be established; and

(2) In the case of Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Marianas, these shall be allocated the same percentage of Title VII funds as the percenage of Title II Parts A, B and C funds allocated to them.

(b) Other allocations. The remaining five percent of the funds shall be allocated in the following manner:

(1) Assistance to Native American entities. No less than two percent of the total funds available under Title VII of the Act will be used to support Title VII programs for Native American entities described in Sections 302(c) (1) (A) and (B) of the Act.

(2) Assistance to prime sponsors who establish a single Private Industry Council. Additional funds shall be provided to prime sponsors who establish a single Private Industry Council that serves a substantial portion of a functioning labor market area, as determined by the Secretary. Included may be:

(i) An existing consortium covering a substantial portion of a functioning labor market area that qualifies for incentive funds under Section 676.4(c);

(ii) Two or more prime sponsors establishing a PIC that serves at least 75% of a functioning labor market area; and

(iii) To the extent that funding is available, other combinations of prime sponsors forming a single PIC (sec. 702(b)).

(c) Funds may be reallocated pursuant to the provisions of Section 676.47 (sec. 108).

§ 679.5 Annual plan subpart.

(a) General. To receive financial assistance under this Part, a prime sponsor shall submit the following information, which will become part of the Annual Plan as described in Section 676.11. This subpart shall consist of a Narrative Description, Statement of Concurrence, Program Planning Summary, and Budget Information Summary, specific to Title VII (sec. 103(b)).

(b) The prime sponsor shall transmit a copy of the Title VII Annual Plan subpart to the prime sponsor's planning council, to appropriate labor organizations, community-based organizations, educational agencies and institutions, Overall Economic Development Program committees and to such other parties as are required by Section 676.12(d). The comment and publication procedures of Section 676.12 apply to this Part (secs. 703(b)(4) and (5)).

(c) The Annual Plan Subpart shall have the concurrence of both the PIC and the prime sponsor in order to be approved. Therefore, a Statement of Concurrence shall be submitted, signifying the concurrence of the PIC and the prime sponsor with the contents of the Annual Plan Subpart.

(d) Narrative description. The Narrative Description shall include:

(1) Objectives and need for assistance. (i) State the objectives and need for funding under this Part, including an identification of private sector occupations where there are labor shortages.

(ii) Analyze the eligible population by race, sex, national origin and age, and present the planned levels of service to be provided these significant segments in terms of the percent each group will constitute of those to be served (sec. 103(b)(2)). Where the planned level of service to any significant segment varies above or below the group's incidence in the eligible population, a justification must be provided.

(2) Results and benefits. Provide a statement on:

(i) Specific quantified performance and placement goals, by program activity.

(ii) Any performance and placement goals with respect to groups designated to be served (sec. 103(b)(4)).

(iii) Explain any variation between such performance and placement goals and the Secretary's performance standards (sec. 103(b)(4)).

(iv) Any nonquantifiable goals or outcomes.

(3) Approach. Provide a description of:

(i) The specific activities to be conducted, and how these activities will be integrated with other training and placement activities under the Act (sec. 703(a)).

(ii) The procedures and standards to be used for the selection of occupations in which training is to be provided.

(iii) The system that will be used to review and assess the success of activities, including a description of the role of the PIC.

(4) Private Industry Council (PIC). Provide the following:

(i) The responsibilities assumed and the functions to be performed by the Private Industry Council in the planning, operation and review of programs.

(ii) A list of the PIC membership indicating representation from among those membership categories identified in § 679.3.

(iii) Staffing arrangements for support of the PIC agreed upon by the PIC and the prime sponsor.

(iv) A description of procedures established to ensure periodic consultation and coordination of activity between the PIC and the prime sponsor's planning council and other appropriate agencies in the labor market area.

(v) For multijurisdictional PIC's (except for existing consortia) identify the geographic area to be served, the prime sponsors participating, administrative and programmatic relationships between the PIC and the participating prime sponsors and the functions to be performed by each. A copy of the written agreement cited in §679.3-6 must be included as an attachment to the Annual Plan Subpart.

(e) Statement of Concurrence. This statement documents the concurrence of the PIC and the prime sponsor with the contents of the Annual Plan Subpart.

(f) Program Planning Summary (PPS). The PPS reflects the goals, objectives and activities planned under Title VII for the program year.

(g) Budget Information Summary (BIS). The BIS contains the planned budget under Title VII for the program year.

§ 679.6 Administrative standards and procedures.

(a) General. The General Provisions of Section 676 shall apply except as otherwise indicated.

(b) Allowable costs and cost allocation. The provisions of §§ 676.40 and 676.41 shall apply to programs under Title VII except as follows:

(1) Employment generating services. (i) For programs funded under Title VII only, costs for activities which are not directly related to the immediate provision of training or employment for participants but which are intended to result in the creation or expansion of employment opportunities for persons eligible under this Part may be classified as employment generating services and charged to the "Services" cost category. Examples are:

(A) Those items enumerated in paragraphs (b)(1) (2), (3), (4), (6), (7), (9), (10), (12), (13), (14), and (15) of Section 679.7, Allowable Activities.

(B) The costs for the salaries and fringe benefits of labor market and program analysts, for consultants under contract for employment generating services, and for technical assistance to contractors and subgrantees.

(ii) While such activities are allowable and desirable under Title VII, no more than 30 percent of a prime sponsor's Title VII funds may be used for employment generating services.

(iii) The program activity against which the costs for employment generating services are to be allocated is "Other Activities".

(iv) No costs attributable to the general administration of the Title VII program shall be charged to the "Services" cost category.

(2) Administrative costs. (i) For purposes of Title VII, administrative costs are those costs which fall within the category of administration as defined in § 676.41-1(f), exclusive of employment generating services.

(ii) The total amount of funds expended for administration by all prime sponsors in carrying out programs under this Part shall not exceed 20 percent of the total expenditures for all prime sponsor Title VII programs. Each prime sponsor and PIC must make every effort to limit administrative costs to only those that are necessary to assure the effective operation of programs under this Part. If the prime sponsor and PIC determine that more than 20 percent is necessary to operate the planned program, a higher amount may be requested by providing a satisfactory explanation of the need for such amount in the Title VII Annual Plan Subpart. The special needs of urban and rural areas and other relevant factors shall be considered by the RA in reviewing requests for administrative costs in excess of 20 percent (sec. 705(b)).

(iii) It is recognized that startup and initial implementation of programs under this Part may require administrative expenditures greater than those necessary for the operation of established programs. Thus, it should subsequently become possible for administrative costs to be reduced such that they are brought to a more appropriate level of 10 percent. Prime sponsors and PIC's should therefore plan to reduce administrative costs after startup and initial implementation.

(3) Payments to private-for-profit employers through methods not specifically authorized under Parts 676 through 677, Subpart B shall not be allowable unless and until the method of payment is explained in advance and authorization for its use is specifically granted. Prime

sponsors shall transmit to the RA requests to permit such new payment methods. The RA shall transmit such requests, with comments and recommendations, to the Assistant Secretary for Employment and Training. Action on a request shall be taken within 60 days after the prime sponsor's submission of the request to the RA. Nothing in this paragraph authorizes wage subsidies (sec. 703(c)).

§679.7 Allowable activities.

Funds under this Part shall be used to augment private sector-related activities under Part 677, including on-the-job training with private employers (sec. 703(b)(2)). Funds shall be used to provide employment and training and related activities consistent with the purposes of Title VII including:

(a) Activities and services authorized in § 677.13, and

(b) The following:

(1) Coordinating programs of jobs and training and education enabling individuals to work for a private employer while attending an education or training program;

(2) Developing a small business intern program to provide practical training enabling youths and other individuals to work in small business firms to acquire first-hand knowledge and management experience about small business;

(3) Developing relationships between employment and training programs, educational institutions, and the private sector;

(4) Developing useful methods for collecting information about Federal Government procurement contracts with private employers, new and planned publicly supported projects such as public works, economic

development and community development programs, transportation revitalization, alternative energy technology development, demonstration, and utilization projects, energy conservation projects, and rehabilitation of low-income housing as part of a community revitalization or stabilization effort, which provide work through private sector contractors;

(5) Conducting innovative cooperative education programs for youths in secondary and postsecondary schools designed to coordinate educational programs with work in the private sector;

(6) Developing and marketing model contracts designed to reduce the administrative burden on the employer and model contracts to meet the needs of specific occupations and industries;

(7) Coordinating programs under this Part with other job development, placement, and employment and training activities carried out by public and private agencies;

(8) Providing on-the-job training subsidies on a declining ratio to wages over the period of training;

(9) Providing followup services with employees placed in private employment and employers who hire recipients of services under the Act;

(10) Encouraging employers to develop a job skill requirement forecast and to coordinate such forecast with prime sponsors;

(11) Using direct contracts for training and employment programs with private for profit and private nonprofit organizations;

(12) Developing apprenticeship or comparable high-skill training programs for workers regardless of age in occupations where such programs do not presently exist in the area;

(13) Increasing opportunities for upgrading from entry level jobs by providing counseling and other services to employees and employers beyond initial training periods;

(14) Providing technical assistance to private employers to reduce the administrative burden of employment and training programs;

(15) Disseminating information to private employers so that they may more fully utilize programs under the Act; and

(16) Other programs activities which demonstrate effective approaches to the training and employment of persons eligible to participate in programs under this Part (sec. 705(a)).

Signed at Washington, D.C., the 29th day of March 1979.

RAY MARSHALL,
Secretary of Labor.

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